

RECORDATION NO. 11064-A
NOV 20 1979-9 20 AM
INTERSTATE COMMERCE COMMISSION

RECORDATION NO. 11064
NOV 20 1979-9 20 AM
INTERSTATE COMMERCE COMMISSION

RECORDATION NO. 11064-B
NOV 20 1979-9 20 AM
INTERSTATE COMMERCE COMMISSION

MAURICE T. MOORE
BRUCE BROMLEY
WILLIAM B. MARSHALL
RALPH L. MCAFEE
ROYALL VICTOR
ALLEN H. MERRILL
HENRY W. DEKOSMIAN
ALLEN F. MAULSBY
STEWART R. BROSS, JR.
HENRY P. RIORDAN
JOHN R. HUPPER
SAMUEL C. BUTLER
WILLIAM J. SCHRENK, JR.
BENJAMIN F. CRANE
FRANCIS F. RANDOLPH, JR.
JOHN F. HUNT
GEORGE J. GILLESPIE, III
RICHARD S. SIMMONS
WAYNE E. CHAPMAN
THOMAS D. BARR
MELVIN L. BEDRICK
GEORGE T. LOWY
ROBERT ROSENMAN
JAMES H. DUFFY
ALAN J. HROSTAK

JOHN E. YOUNG
JAMES M. EDWARDS
DAVID G. ORMSBY
DAVID L. SCHWARTZ
RICHARD J. HIGEL
FREDERICK A. O. SCHWARZ, JR.
CHRISTINE BESHAR
ROBERT S. RIFKIND
DAVID BOIES
DAVID O. BROWNWOOD
PAUL M. DODYK
RICHARD M. ALLEN
THOMAS R. BROME
ROBERT D. JOFFE
ROBERT F. MULLEN
ALLEN FINKELSON
RONALD S. ROLFE
JOSEPH R. SAHID
PAUL C. SAUNDERS
MARTIN L. SENZEL
DOUGLAS D. BROADWATER
ALAN C. STEPHENSON
RICHARD L. HOFFMAN
JOSEPH A. MULLINS
MAX R. SHULMAN

CRAVATH, SCAMMAY & MOORE
ONE CHASE MANHATTAN PLAZA
NEW YORK, N. Y. 10005

212 HANOVER 2-3000

TELEX
RCA 233663
WUD 125547
WUI 620976

I. C. C.
FEE OPERATION BR.

COUNSEL
CARLYLE E. MAW
ALBERT R. CONNELLY
FRANK H. DETWEILER
GEORGE G. TYLER

ROSWELL L. GILPATRICK
L. R. BRESLIN, JR.
GEORGE B. TURNER
JOHN H. MORSE
HAROLD R. MEDINA, JR.
CHARLES R. LINTON

4, PLACE DE LA CONCORDE
75008 PARIS, FRANCE
TELEPHONE: 265-81-54
TELEX: 290530

33 THROGMORTON STREET
LONDON, EC2N 2BR, ENGLAND
TELEPHONE 01-606-1421
TELEX: 8814901

CABLE ADDRESSES
CRAVATH, N. Y.
CRAVATH, PARIS
CRAVATH, LONDON E. C. 2

No. 9-324A011

Date NOV 20 1979

Fee \$ 160.00

ICC Washington, D. C.

November 15, 1979

Richmond, Fredericksburg and Potomac Railroad Company
Lease Financing Dated as of September 1, 1979
9-5/8% Conditional Sale Indebtedness Due April 1, 1995

[CS&M Ref: 4650-046]

Dear Madam:

Pursuant to 49 U.S.C. § 11303(a), I enclose herewith on behalf of Richmond, Fredericksburg and Potomac Railroad Company, for filing and recordation, counterparts of the following:

FMC Corporation and

(1)(a) Conditional Sale Agreement dated as of September 1, 1979, between Richmond, Fredericksburg and Potomac Railroad Company;

(b) Agreement and Assignment dated as of September 1, 1979, between FMC Corporation and United States Trust Company of New York;

(2) Equipment Lease dated as of September 1, 1979, between Richmond, Fredericksburg and Potomac Railroad Company and McHugh Brothers Crane Rentals, Inc.;

(3) Equipment Sublease dated as of November 1, 1979, between McHugh Brothers Crane Rentals, Inc. and New Hope and Ivyland Railroad Company; and

NEXT PAGE for next document
OVER

James Cumber
Counterpart

D - (4) Assignment and Assumption Agreement dated as of November 15, 1979, between New Hope and Ivyland Railroad Company and McHugh Brothers Heavy Hauling, Inc.

The addresses of the parties to the aforementioned agreements are:

Lessor-Vendee:

Richmond, Fredericksburg and Potomac
Railroad Company,
P.O. Box 11281,
Richmond, Virginia 23230.

Manufacturer:

FMC Corporation,
200 East Randolph Drive,
Chicago, Illinois 60601.

Lessee:

McHugh Brothers Crane Rentals, Inc.,
P.O. Box 196,
Penndel, Pennsylvania 19407.

Agent-Assignee:

United States Trust Company of New York,
130 John Street (4th Floor),
New York, N.Y. 10038

Sublessee:

New Hope and Ivyland Railroad Company,
P.O. Box 196,
Penndel, Pennsylvania 19047.

Assignee of Sublessee:

McHugh Brothers Heavy Hauling, Inc.,
P.O. Box 196,
Penndel, Pennsylvania 19047.

Cross INDEX → Please file and record the documents referred to in this letter and cross-index them under the names of the Lessor-Vendee, the Manufacturer, the Lessee, the Agent-Assignee, the Sublessee and the Assignee of Sublessee.

please cross index under ~~MC~~ ^H HUGH BROTHERS HEAVY HAULING, INC.
The equipment covered by the aforementioned agreements consists of 300 50 Ft. XM and XF boxcars, bearing the reporting numbers NHIR 5001-5300, inclusive.

Please note that the rentals under the Lease, the Sublease and the Assignment and Assumption Agreement have been assigned to United States Trust Company of New York, as Agent-Assignee, pursuant to the terms of the Lease, the Sublease and the Assignment and Assumption Agreement and the respective Notices of Assignment attached thereto.

Enclosed is our check for \$160 for the required recordation fee. Please accept for recordation one counterpart of each of the enclosed agreements, stamp the remaining counterparts with your recordation number and return them to the delivering messenger along with your fee receipt, addressed to the undersigned.

Very truly yours,

*including \$10.00 to
cover cross indexing requested above*

John B. Harlow, II

John B. Harlow, II,
as Agent for Richmond,
Fredericksburg and Potomac
Railroad Company

Ms. Agatha Mergenovich, Secretary,
Interstate Commerce Commission,
Washington, D. C. 20423

Encls.

62N

REGISTRATION NO. 11064-C Filed 1425
NOV 20 1979-9 20 AM
INTERSTATE COMMERCE COMMISSION

EQUIPMENT SUBLEASE

Dated as of November 1, 1979

BETWEEN

McHUGH BROTHERS CRANE RENTALS, INC.,
Sublessor,

AND

NEW HOPE & IVYLAND RAILROAD COMPANY,
Sublessee.

THIS SUBLEASE AGREEMENT, made as of this 1st day of November 1979, between MCHUGH BROTHERS CRANE RENTALS, INC., a Pennsylvania corporation ("Sublessor"), as sublessor, and NEW HOPE & IVYLAND RAILROAD COMPANY (the "Sublessee") as sublessee.

R E C I T A L S:

(a) Pursuant to a Purchase Order Assignment dated as of November 1, 1979, the Sublessee has assigned to the Richmond, Fredericksburg and Potomac Railroad Company (the "Owner") its right to purchase the equipment referred to below, and pursuant to a Conditional Sale Agreement, dated as of September 1, 1979 (the "CSA"), with FMC Corporation (the "Manufacturer"), the Owner has agreed to purchase the equipment referred to below, in contemplation that, pursuant to the provisions of an Equipment Lease dated as of September 1, 1979 (the "Lease"), the Owner would acquire such equipment and would lease the same to the Sublessor for sublease to the Sublessee pursuant to the terms hereof.

(b) Pursuant to an Agreement and Assignment, dated as of September 1, 1979 (the "Assignment"), the Manufacturer has assigned its rights, security title and interest under the CSA to United States Trust Company of New York, not in its individual capacity but solely as agent (the "Assignee").

(c) The Sublessor, the Owner and the Assignee have entered into a Participation Agreement dated as of September 1, 1979 (the "Participation Agreement"), with the institutional investor named in Schedule I thereto (together with its successors and assigns called "Investors"), providing for the commitment of the Owner to acquire the Boxcars as hereinafter described. Under the Participation Agreement, the Investors will commit to invest in an amount equal to 80% of the Purchase Price (as defined therein and in the CSA) of each Boxcar. It is contemplated by the Participation Agreement that the investment will be secured by an assignment of the Owner's right, title and interest in and to the Lease (including, without limitation, the rights of the Owner under Section 20 thereof in respect of this Sublease and other Permitted Subleases referred to therein) and in and to the Boxcars pursuant to the CSA and the Assignment.

1. Scope of Agreement. (a) Sublessor agrees to lease to Sublessee, and Sublessee agrees to sublease from Sublessor, three hundred (300) boxcars of the types and descriptions as set forth in any Sublease schedules executed by the parties concurrently herewith or from time to time hereafter and hereinafter called collectively the "Boxcars". The word "Schedule" as used herein includes the Schedules executed concurrently herewith and all additional Schedules and amendments thereto whether for Boxcars or other railroad equipment, each of which when signed by both parties shall be part of this Agreement.

(b) It is the intent of the parties of this Agreement that Sublessor shall at all times be and remain the sublessor of all scheduled Boxcars. Sublessee agrees that it will at no time take any action or file any document which is inconsistent with the foregoing intent and that it will take such action and execute such documents as may be necessary to accomplish this intent.

2. Term. (a) This Agreement shall remain in full force until it shall have been terminated as to all of the Boxcars. The term of this Sublease with respect to each Boxcar shall commence upon the date of delivery of such Boxcar as set forth in Section 3(a) hereof and shall continue with respect to such Boxcar for the term provided in the Schedule covering such car unless sooner terminated as hereinafter provided.

(b) If this Agreement has not been earlier terminated and no default has occurred and is continuing, the term of this Sublease with respect to each Boxcar shall be automatically extended for not more than five (5) consecutive periods of six (6) months; provided, however, that Sublessor or Sublessee may by written notice delivered to the other not less than six (6) months prior to the end of the initial Sublease term or any extended Sublease term for any scheduled Boxcar terminate this Agreement.

3. Supply Provisions. (a) Sublessee will inspect each Boxcar tendered by the manufacturer for delivery to Sublessee. If the Boxcar conforms to the specifications of the equipment ordered by Sublessee, and to all applicable governmental regulatory specifications, and this Agreement has not been terminated, Sublessee will accept delivery and shall execute and deliver a Certificate of Acceptance with respect thereto substantially in the form of Appendix A hereto. The Boxcars shall be deemed delivered to Sublessor upon

acceptance by Sublessee. Due to the nature of railroad operations in the United States, Sublessor can neither control nor determine when the Boxcars leased hereunder will actually be available to Sublessee for its use on its railroad tracks. Notwithstanding that Sublessee may not have immediate physical possession of the Boxcars subleased hereunder, Sublessee agrees to pay to Sublessor the rental charges set forth in this Agreement. To move the Boxcars to Sublessee's railroad line and insure optimal use of the Boxcars after the first loading of freight for each Boxcar on the railroad line of Sublessee (the "initial loading"), Sublessor agrees to monitor Boxcar movements and, when deemed necessary by Sublessee for cars on Sublessee's line, Sublessor will issue movement orders with respect to such Boxcars to other railroad lines in accordance with ICC and AAR interchange agreements and rules.

(b) Sublessee shall give preference to Sublessor and shall load the Boxcars subleased from Sublessor prior to loading Boxcars owned or leased by Sublessee during the term of this lease or from other parties or interchanged with railroads; provided, however, that this shall in no event prevent or prohibit Sublessee from fulfilling its obligations to provide transportation and facilities upon reasonable requests therefor to shippers on its railroad tracks. Unless Sublessee agrees to the contrary, cars provided under this Sublease shall run under AAR Car Service Rules I and II, provided off-line service of 85% or more is achieved.

(c) Additional Boxcars may be subleased from Sublessor by Sublessee only upon the mutual agreement of the parties hereto. Upon such agreement, such additional Boxcars shall be identified in Schedules to this Agreement and shall benefit from and be subject to this Agreement upon execution of the Schedules by Sublessor and Sublessee.

4. Railroad Markings and Record Keeping.

(a) Sublessor agrees that on or before delivery of the Boxcars to Sublessee, the Boxcars may be lettered with the railroad markings of Sublessee, and the name and/or other insignia used by Sublessee. Such name or insignia shall comply with all applicable regulations. It is agreed that the Boxcars may also be lettered with the marking "McHugh Brothers Line" and that the Boxcars will be marked in accordance with Section 4.2 of the Lease and Section 5 of the CSA.

(b) Sublessor shall prepare all documents for filing

relating to the registration, maintenance and record keeping functions normally performed by Sublessee with respect to the Boxcars and shall perform all record keeping functions related to the use of the Boxcars by Sublessee and other railroads in accordance with AAR railroad interchange agreements. Such matters shall include but are not limited to the preparation of the following documents: (i) appropriate AAR interchange agreements with respect to the Boxcars; (ii) registration for each Boxcar in the Official Railway Equipment Register and the Universal Machine Language Equipment Register; and (iii) such reports as may be required from time to time by the ICC and/or other regulatory agencies with respect to the Boxcars.

(c) Sublessee shall register each and every Boxcar leased hereunder in the Official Railway Equipment Register and the Universal Machine Language Equipment Register. Such registration shall direct that correspondence from railroads using such Boxcars shall be addressed to Sublessee.

(d) Any record keeping performed by Sublessee hereunder and all record of payments, charges and correspondence related to Scheduled Boxcars shall be separately recorded and maintained by Sublessee in a form suitable for reasonable inspection by Sublessor from time to time during regular business hours of Sublessee. Sublessee shall supply Sublessor with such reports regarding the use of Boxcars by Sublessee on its railroad line as Sublessor may reasonably request.

5. Maintenance, Taxes and Insurance. (a) Sublessor will pay all costs, expenses, fees and charges incurred in connection with the use and operation of each Boxcar during its Sublease term and any extension thereof, including but not limited to repairs, maintenance, and servicing unless the same was occasioned by the fault of Sublessee while a Boxcar was in the physical possession of Sublessee. Sublessee shall be responsible to inspect all Boxcars interchanged to it to insure that such Boxcars are in good working order and condition and shall be liable to Sublessor for any repairs required for damage not noted at the time of interchange. Sublessee hereby transfers and assigns to Sublessor for and during the Sublease term of each Boxcar all of its right, title and interest in any warranty in respect to the Boxcars. All claims or actions on any warranty so assigned shall be made and prosecuted by Sublessor at its sole expense and Sublessee shall

have no obligation to make any claim on such warranty. Any recovery under such warranty shall be made payable to Sublessor. All proceeds from such recovery shall be used to repair or replace the Boxcars.

(b) Sublessee shall make minor repairs only with Sublessor's permission to facilitate continued immediate use of a Boxcar, but shall not otherwise make any alterations, improvements, or additions to the Boxcars without Sublessor's prior written consent. If Sublessee makes an alteration to any Boxcar without Sublessor's prior written consent, Sublessee shall be liable to Sublessor for any revenues lost due to such alteration. Title to any such alteration, improvement or addition occurring in the course of or as a result of normal and customary maintenances shall be and remain with Sublessor.

(c) Sublessor shall make or cause to be made such inspections of and maintenance and repairs to the Boxcars as may be required. Sublessor shall also make, at its expense, all alterations, modifications, or replacement of parts as shall be necessary to maintain the Boxcars in good operating condition, as determined by Sublessor, throughout the term of the Sublease of such Boxcars. Sublessee shall immediately notify Sublessor of any necessary maintenance and repairs transmitted to Sublessee by any other railroad or shipper. Sublessor shall be responsible for arranging repairs and maintenance at its expense except as noted in 5(a).

(d) Sublessee will at all times while this Agreement is in effect and at its own expense, cause to be carried and maintained insurance with respect to all Boxcars subject hereto, and property damage and public liability insurance in amounts and against risks customarily insured against by railroad companies on similar equipment. The insurance required by this Section 5(d) may be satisfied by a self-insurance program acceptable to Sublessor and maintained by Sublessee in accordance with sound actuarial principles. Sublessee will furnish Sublessor concurrently with the execution hereof and thereafter at intervals of not more than 12 calendar months proof of insurance coverage for the ensuing year. Sublessee will agree to advise Sublessor promptly of any lapse of any such insurance or of any default of payment of any premium and of any other act or omission of Sublessee of which it has knowledge which might, in its opinion, invalidate or render unenforceable, in whole or in part, any insurance on the Boxcars. All insurance shall be

taken out in the name of Sublessee and Sublessor (or its assignee) as their interests may appear. The policies or certificates shall provide that there shall be no recourse against Sublessor for the payment of premiums and shall provide for at least ten (10) days' prior written notice to be given to Sublessor by the underwriters in the event of cancelation. If the Sublessee shall default in the payment of any premium in respect of any such insurance policies, Sublessor may, but shall not be obliged to, pay such premium, and if Sublessor does so, the Sublessee shall repay the amount thereof to Sublessor on demand.

(e) Sublessor agrees to reimburse Sublessee for all taxes, assessments and other governmental charges of whatsoever kind or character paid by Sublessee relating to each Boxcar and on the delivery of operation thereof which may be accrued, levied, assessed or imposed during the sublease term or which remain unpaid as of the date of delivery of such Boxcar to Sublessee, except taxes on net income imposed on Sublessee. Sublessor and Sublessee will comply with all state and local laws requiring the filing of ad valorem tax returns on the Boxcars. Sublessor shall review all tax returns prior to filing.

6. Rental Charges. (a) In consideration of the use of the subleased Boxcars to improve its freight revenues, Sublessee agrees to pay the following rental charges to Sublessor for the use of Sublessor's Boxcars: Sublessor shall receive 90% of the mileage charges and car hire revenues (including both straight and incentive per diem) payable to Sublessee by other railroad companies.

(b) Sublessee shall have no liability for any reclaims by any railroad of any car hire charges at any time.

(c) In the event the utilization rate in any calendar quarter, averaged for all Boxcars is less than 85%, or the rental payable to Sublessor for all Boxcars during any calendar quarter averages less than \$21 per car per day, Sublessor may, at its option, and upon not less than 10 days' prior written notice to Sublessee, terminate this Agreement in its entirety or terminate this Agreement as to any group of Boxcars covered by a Schedule.

(d) Sublessor may, at its option, terminate this Agreement if the ICC shall, at any time, (1) issue an order

reducing incentive per diem for Boxcars on an annual basis to three months or less without a commensurate increase in straight per diem or other revenues available to both Sublessor and Sublessee; or (2) determine that Sublessee may not apply its net credit balance from incentive per diem settlements in payment of the rental charges set forth in this Section.

(e) If any Boxcar remains on Sublessee's railroad tracks for more than seven days, Sublessor may, at its option and upon not less than 24 hours prior to written notice, terminate this Agreement and withdraw such Boxcars from Sublessee's railroad tracks, except when such Boxcar is awaiting its initial loading.

(f) Sublessor is hereby designated as the collection and disbursing agent for all revenues including per diem, mileage, and incentive per diem, and repair bills.

7. Possession and Use. (a) So long as there shall be no event of default under this Agreement and no Event of Default under the Lease, Sublessee shall be entitled to the possession, use and quiet enjoyment of the Boxcars in accordance with the terms of this Agreement and in the manner and to the extent Boxcars are customarily used in the railroad freight business. Sublessee agrees that to the extent it has physical possession and can control use of the Boxcars, and Boxcars will at all times be used and operated under and in compliance with the laws of the jurisdiction in which the same may be located and in compliance with all lawful acts, rules and regulations and orders of any governmental bodies or officers having power to regulate or supervise the use of such property, except that either Sublessor or Sublessee may in good faith and by appropriate proceedings contest the application of any such rule, regulation, or order in any reasonable manner at the expense of the contesting party.

(b) Sublessee will not directly or indirectly create, incur, assume or suffer to exist, any mortgage, pledge, lien, charge, encumbrance, or other security interest or claim on or with respect to the Boxcars or any interest therein or in this Agreement or Schedule thereto. Sublessee will promptly, at its expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrances, security interest, or claim if the same shall arise at any time.

(c) So long as there shall be no event of default under this Agreement and no Event of Default under the Lease, the Sublessee shall be entitled to the possession of the Boxcars and to the use thereof throughout the continental United States and Canada, but only upon and subject to all the terms and conditions of this Agreement; provided that the Sublessee agrees that the use of the Boxcars outside the continental United States shall be de minimus. The Sublessee may ~~use the Boxcars or any portion thereof in over the road or piggyback service and in connection therewith may~~ permit any Boxcar to be transported by rail throughout the railroad system operated by it or its affiliated companies and by connecting and other carriers in the usual interchange of traffic; provided that the Sublessee will not assign its interest hereunder without the prior written consent of the Sublessor, the Owner and the Assignee. No assignment or sublease entered into by the Sublessee hereunder shall relieve the Sublessee of any liability or obligations hereunder, all of which shall be and remain those of a principal and not a guarantor.

8. Remedies Upon Default. (a) The occurrence of any of the following events shall be events of default:

(i) the nonpayment by Sublessee of any sum required hereunder to be paid by Sublessee and such nonpayment shall continue for five business days;

(ii) the default by Sublessee under any other term, covenant, or condition of this Agreement which is not cured within 10 days after notice thereof from Sublessor;

(iii) any affirmative act of insolvency by Sublessee, or the filing by Sublessee of any petition or action under any bankruptcy, reorganization, insolvency, or moratorium law, or any other law or laws for the relief of, or relating to, debtors;

(iv) the filing of any involuntary petition under any bankruptcy, reorganization, insolvency or moratorium law against Sublessee that is not dismissed within sixty (60) days thereafter, or the appointment of any receiver or trustee to take possession of the properties of Sublessee, unless such petition or appointment is set aside or withdrawn or ceases to be in effect within sixty (60) days from the date of said filing or appointment; and

(v) the subjection of any of Sublessee's property to any levy, seizure, assignment, application or sale for or by any creditor or governmental agency which substantially impairs Sublessee's capacity to fulfill its performance under this Agreement.

(b) Upon the occurrence of any event of default, Sublessor may, at its option, terminate this Agreement and may:

(i) proceed by appropriate court action to enforce performance by Sublessee of this Agreement or to recover direct financial damages which result from a breach thereof (and Sublessee agrees to bear Sublessor's costs and expenses, including reasonable attorney's fees, in securing such enforcements);

(ii) by notice in writing to Sublessee, terminate Sublessee's right of possession of the Boxcars, whereupon all right and interest of Sublessee in the Boxcars shall terminate; and thereupon Sublessor may by its agents enter upon any premises where the Boxcars may be located and take possession of them and henceforth hold, possess and enjoy the same free from any right of Sublessee; and

(iii) upon the occurrence of breach of this Agreement by Sublessor, Sublessee may proceed by appropriate court action to enforce performance by Sublessor of this Agreement or to recover direct financial damages which might result from a breach thereof (and Sublessor agrees to bear Sublessee's costs and expenses, including reasonable attorney's fees, in securing such enforcements).

9. Termination. (a) At the expiration or termination of this Agreement as to any Boxcars set forth on a Schedule attached herein, Sublessee will surrender possession of such Boxcars to Sublessor by delivering the same to Sublessor. The assembling, delivery, storage and transporting of the Boxcars shall be at the expense and risk of Sublessor. A Boxcar shall be deemed terminated and no longer subject to this Agreement upon the removal of Sublessee's railroad markings from the Boxcar and the placing thereon of such markings as may be designated by Sublessor, either at the option of Sublessor (1) upon delivery of such Boxcars to Sublessee's railroad line subsequent to termination of such Boxcar's Sublease term; or (2) removal and replacement of the markings by another railroad line which has physical possession of the Boxcar at the time of or subsequent to termina-

tion of the Sublease term as to such Boxcar.

(b) If such Boxcars are on the railroad line of Sublessee upon such expiration or termination or are subsequently returned to Sublessee's railroad line, Sublessee shall grant immediate access to Sublessor or Sublessor's agents to remove Sublessee's railroad markings from the Boxcars and place thereon such markings as may be designated by Sublessor. After the removal and replacement of markings, Sublessee shall use its best efforts to load such Boxcars with freight and deliver them to a connecting carrier for shipment.

(c) If such Boxcars are not on the railroad line of Sublessee upon termination, all costs of assembling, delivering, storing, and transporting such Boxcars, except as provided above, to Sublessee's railroad line or the railroad line of a subsequent lessee shall be borne by Sublessor.

(d) If requested by Sublessor, Sublessee shall provide three months' uninterrupted, free storage, on its tracks for Boxcars as to which this Agreement is terminated, provided that risk of loss during such storage shall be on Sublessor. After three months, storage shall be at the rate of \$1 per day per car.

(e) From and after termination of this Agreement with respect to any Boxcar and until its return to Sublessor, all revenues earned by such Boxcar shall be paid to Sublessor as additional rental for use of the Boxcar during the term hereof.

10. Indemnities. Sublessee will defend, indemnify and hold harmless Sublessor from and against (1) any and all loss or damage of or to the Boxcars, usual wear and tear excepted, unless occurring through the fault of Sublessor while Sublessor has physical possession of Boxcars; and (2) any claim, cause of action, damage, liability, cost or expense (including legal fees and costs) to which the Boxcars may be subject or which may be incurred in any manner by or for the account of any such Boxcar (unless occurring through the fault of Sublessor) relating to the Boxcars or any part thereof, including without limitation the construction, purchase, delivery of the Boxcars to Sublessee's railroad line, ownership, leasing or return of the Boxcars, or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects, if any, are

latent or are discoverable by Sublessor or Sublessee).

11. Warranties and Covenants. Sublessee represents, warrants and covenants that:

(a) Sublessee is a corporation duly organized, validly existing and in good standing under the laws of the state where it is incorporated and has the corporate power, authority and is duly qualified and authorized to do business wherever necessary, to carry out its present business and operations and to own or hold under lease its properties and to perform its obligations under this Agreement.

(b) The entering into and performance of this Agreement will not violate any judgment, order, law or regulation applicable to Sublessee, or result in any breach of or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance upon any assets of Sublessee or on the Boxcars pursuant to any instrument to which Sublessee is a party or by which it or its assets may be bound.

(c) There is no action or proceeding pending or threatened against Sublessee before any court or administrative agency or other governmental body which might result in any material adverse effect on the business properties and assets, or conditions, financial or otherwise, of Sublessee.

(d) There is no fact which the Sublessee has not disclosed to Sublessor in writing, nor is Sublessee a party to any agreement or instrument or subject to any charter or other corporate restriction which, so far as the Sublessee can now reasonably foresee, will individually or in the aggregate materially adversely affect the business, condition or any material portion of the properties of the Sublessee or the ability of the Sublessee to perform its obligations under this Agreement.

(e) Sublessee has during the years 1964-1968 not purchased any Boxcars. (Sublessee is eligible and entitled to collect incentive per diem charges on the Boxcars in the possession of other railroads and to apply the incentive per diem charges to the payment of all rentals due under this Sublease.)

(f) Neither Sublessee nor its counsel know of any requirements for recording, filing or depositing this Agree-

ment other than pursuant to 49 U.S. C. § 11303, which is necessary to preserve or protect the title of Sublessor or the Assignee or the Owner, in the United States of America.

Upon request of Sublessor or its assignee or mortgagee at any time or times, Sublessee shall deliver to Sublessor an opinion of its counsel addressed to Sublessor or its assignee or mortgagee, in form and substance satisfactory to Sublessor or its assignee or mortgagee, which opinion shall confirm and be to the effect of the matters set forth in this Paragraph 11(a) through (f) to the extent such matters are within the knowledge of such counsel.

12. Sublessor, the Owner and the Assignee shall at any time during normal business hours have the right to enter the premises where the Boxcars may be located for the purpose of inspecting and examining the Boxcars to insure Sublessee's compliance with its obligations hereunder. Sublessee shall immediately notify Sublessor of any accident connected with the malfunctioning or operation of the Boxcars including in such report the time, place, and nature of the accident and the damage caused to property, the names and addresses of any persons injured and of witnesses and other information pertinent to Sublessee's investigation of the accident. Sublessee shall also notify Sublessor in writing within five (5) days after any attachment, tax lien, or other judicial process shall attach to any Boxcar. Sublessee shall furnish to Sublessor promptly upon its becoming requested, a copy of its annual report submitted to the ICC and, when requested, copies of any other income or balance sheet statements required to be submitted to the ICC.

13. Sublease and Assignment. The right to assign this Sublease by either party and the Sublessee's right to sublease shall exist only as follows:

(a) Sublessee shall have no right to assign this Sublease or sublease or loan any of the Boxcars without the written consent of Sublessor.

(b) All rights of Sublessor hereunder may be assigned, pledged, mortgaged, transferred or otherwise disposed of either in whole or in part with or without notice to Sublessee. This Sublease and Sublessee's rights hereunder are and shall be subject and subordinate to any chattel mortgage, security agreement or equipment trust covering the cars heretofore or hereafter created by Sub-

lessor. If Sublessor shall have given written notice to Sublessee stating the identity and post office address of any assignee entitled to receive future rentals and any other sums payable by Sublessee hereunder, Sublessee shall thereafter make such payments to the designated assignee.

The making of an assignment or sublease by Sublessee or an assignment by Sublessor shall not serve to relieve such party of any liability or undertaking hereunder nor to impose any liability or undertaking hereunder upon any such assignee or sublessee except as otherwise provided herein or unless expressly assumed in writing by such sublessee or assignee.

14. Miscellaneous. (a) This Agreement and the Schedules contemplated hereby shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

(b) Any notice required or permitted to be given by one party to another hereunder shall be properly given when made in writing, deposited in the United States mail, registered or certified, postage prepaid, addressed to:

Sublessor at: McHugh Brothers Crane Rentals, Inc.
 P. O. Box 196
 Penndel, Pennsylvania 19047

Sublessee at: New Hope & Ivyland Railroad Company
 P. O. Box 196
 Penndel, Pennsylvania 19047

or such other address as either party may from time to time designate by such notice in writing to the other.

(c) Sublessee shall keep the Boxcars free from any encumbrances or liens, which may be a cloud upon or otherwise affect the title of Sublessor, which arise out of any suit involving Sublessee, or any act, omission or failure of Sublessee or Sublessee's failure to comply with the provisions of this Sublease and shall promptly discharge any such lien, encumbrance or legal process. Sublessee shall take all action requested by Sublessor to confirm the interest of Sublessor in the Boxcars as Sublessor and that Sublessee has no interest in the Boxcars other than as Sublessee hereunder.

(d) During the continuance of this Sublease, Sublessor shall have the right, at its own cost and expense,

to inspect the Boxcars at any reasonable time or times wherever the Boxcars may be.

(e) No failure or delay by Sublessor shall constitute a waiver or otherwise affect or impair any right, power, or remedy available to Sublessor nor shall any waiver or indulgence by Sublessor or any partial or single exercise of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

(f) This Agreement shall be governed by and construed according to the laws of the Commonwealth of Pennsylvania.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date above written.

McHUGH BROTHERS CRANE
RENTALS, INC.,

Date: November 1, 1979

by Robert M. Doyle
President

Attest:

Ruth Young

NEW HOPE & IVYLAND RAILROAD
COMPANY,

Date: November 1, 1979

by William H. Barnard
President
WILLIAM H. BARNARD

Attest:

Herbert Barnes
HERBERT BARNES, SECRETARY

COMMONWEALTH OF PENNSYLVANIA,)
)
COUNTY OF BUCKS,) ss.:

On this 13th day of November 1979 before me personally appeared Robert C. McHugh, to me personally known, who, being by me duly sworn, says that he is President of MCHUGH BROTHERS CRANE RENTALS, INC., and James C. McHugh, to me personally known to be the Secretary of said Corporation, that the seal affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Rita Jeanne Siefert
Notary Public
Nov. 3, 1980 expiration

COMMONWEALTH OF PENNSYLVANIA,)
)
COUNTY OF BUCKS,) ss.:

On this 15th day of November 1979 before me personally appeared William H. Barndt, to me personally known, who, being by me duly sworn, says that he is President of NEW HOPE & IVYLAND RAILROAD COMPANY, and Herbert Barnes, to me personally known to be the Secretary of said Corporation, that the seal affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

EFFIE SHAFFER
NOTARY PUBLIC
P.O. Box 196, Penndel, Bucks County,
Pennsylvania 19047
My Commission Expires August 29, 1981

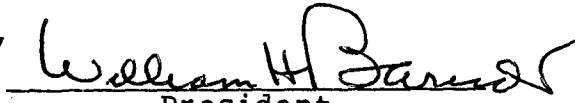
SUBLEASE SCHEDULE NO. 1

Sublease Schedule, dated this 1st day of November 1979 by and between MCHUGH BROTHERS CRANE RENTALS, INC. (Sublessor), and NEW HOPE & IVYLAND RAILROAD COMPANY (Sublessee).

The Boxcars described herein are leased to Sublessee, subject to the terms and conditions of that certain Sublease of which this Schedule is a part between Sublessor and Sublessee, dated November 1, 1979.

DESCRIPTION OF CAR:	50 ft. XM Boxcar
NUMBER OF CARS:	150
REPORTING NUMBERS AND MARKS:	NHIR 5001-5150
TERM:	Ten (10) years from the date of delivery and acceptance of each Boxcar covered by this Schedule.
SPECIFICATION DESIGNATED BY LESSEE:	McHugh Brothers Green Paint Dupont 93-77763, or equivalent.
	New Hope & Ivyland Railroad markings
PLACE OF DELIVERY:	Portland, Oregon
NEW HOPE & IVYLAND RAILROAD COMPANY, Sublessee,	MCHUGH BROTHERS CRANE RENTALS, INC., Sublessor,

by


President
WILLIAM H. BARNT

by


President

SUBLEASE SCHEDULE NO. 2

Sublease Schedule, dated this 1st day of November 1979 by and between MCHUGH BROTHERS CRANE RENTALS, INC. (Sublessor), and NEW HOPE & IVYLAND RAILROAD COMPANY (Sublessee).

The Boxcars described herein are leased to Sublessee, subject to the terms and conditions of that certain Sublease of which this Schedule is a part between Sublessor and Sublessee, dated November 1, 1979.

DESCRIPTION OF CAR:	50 ft. XF Boxcar
NUMBER OF CARS:	150
REPORTING NUMBERS AND MARKS:	NHIR 5151-5300
TERM:	Ten (10) years from the date of delivery and acceptance of each Boxcar covered by this Schedule.
SPECIFICATION DESIGNATED BY LESSEE:	McHugh Brothers Green Paint Dupont 93-77763, or equivalent.
	New Hope & Ivyland Railroad markings
PLACE OF DELIVERY:	Portland, Oregon
NEW HOPE & IVYLAND RAILROAD COMPANY, Sublessee,	MCHUGH BROTHERS CRANE RENTALS, INC., Sublessor,

by

William H. Baendt
President
William H. BAENDT

by

Robert C. McHugh
President

CERTIFICATE OF ACCEPTANCE

To: FMC Corporation
200 East Randolph Drive
Chicago, Illinois 60601

Richmond, Fredericksburg
and Potomac Railroad Company
P. O. Box 11281
Richmond, Virginia 23230

McHugh Brothers Crane Rentals, Inc.
P. O. Box 196
Pennadel, Pennsylvania 19047

I, the duly authorized representative for Richmond Fredericksburg and Potomac Railroad Company, as vendee, under the Conditional Sale Agreement dated September 1, 1979 (the "Vendee"), McHugh Brothers Crane Rentals, Inc., as lessee under the Equipment Lease dated September 1, 1979 (the "Lessee"), and New Hope & Ivyland Railroad Company, as sublessee under the Equipment Sublease dated as of November 1, 1979 (the "Sublessee"), respectively, do hereby certify that I inspected and accepted delivery thereunder of the following Items of Equipment:

TYPE OF EQUIPMENT:
DATE ACCEPTED:
NUMBER OF ITEMS:
NUMBERED:
MANUFACTURER'S SERIAL NOS:

I do hereby certify that the foregoing Items are in good order and condition, and appear to conform to the specifications, requirements and standards applicable thereto as provided in Section 1 of the aforesaid Conditional Sale Agreement.

I do further certify that each of the foregoing Units has been marked by means of a stencil printed in contrasting colors upon each side of each such Unit in letters not less than one inch in height as follows:

"Ownership Subject to a Security Agreement
filed with the Interstate Commerce Commission."

The execution of this Certificate will in no

way relieve or decrease the responsibility of the Manufacturer named below for any warranties it has made with respect to the Equipment.

ND **DATED** _____
At Portland, Oregon
MANUFACTURER:

FMC CORPORATION

Authorized Representative of
Vendee, Lessee and Sublessee

NOTICE OF ASSIGNMENT

New Hope & Ivyland Railroad Company
P. O. Box 196
Penndel, Pennsylvania 19047

Attention: *President*

Gentlemen:

Reference is made to the Equipment Sublease dated as of November 1, 1979 (the "Sublease"), between McHugh Brothers Crane Rentals, Inc. (the "Sublessor"), and New Hope & Ivyland Railroad Company (the "Sublessee") providing for a sublease to you of 300 boxcars.

Pursuant to Section 13 of the Sublease, you are hereby notified that Richmond, Fredericksburg and Potomac Railroad Company (the "Owner"), as lessor under the Equipment Lease dated as of September 1, 1979, between the Owner and the Sublessor, and FMC Corporation (the "Manufacturer") have entered into a Conditional Sale Agreement dated as of September 1, 1979 (the "CSA"), and the Manufacturer has assigned its right, security, title and interest under the CSA to United States Trust Company of New York (the "Assignee") pursuant to an Agreement and Assignment dated as of September 1, 1979 (the "Assignment"), copies of which are herewith delivered to you. As more fully set forth in the CSA and the Assignment, the Owner has granted and assigned to the Assignee all of its right, title and interest, as lessor under the Lease, including, without limitation, the immediate and continuing right to receive and collect all rental, casualty value payments, insurance proceeds, condemnation awards and other payments, except those sums reserved under Section 23.6 of the CSA. Said rights of the Owner so assigned include the right to receive by assignment the rentals, casualty value payments and other sums payable under the Equipment Sublease except those sums reserved under Section 23.6 of the CSA. Accordingly, you are hereby directed, in accordance with Section 2.3 of the Lease and Section 23 of the CSA, to remit all of the rentals and other sums due and to become due under the Sublease, except those sums reserved under Section 23.6 of the CSA, to the Assignee.

All such sums are to be paid by wire transfer

of Federal funds or funds otherwise immediately available to the Assignee to United States Trust Company of New York, 130 John Street, New York, New York 10038, Attention of Corporate Trust and Agency Department. Each such payment shall be identified as a payment of rental or Casualty Value, as the case may be, or other designated payment relating to "RF&P 9/1/79".

Dated as of November 1, 1979.

McHUGH BROTHERS CRANE RENTALS, INC.,

by

Robert M. Hughes
Its President

Copy to: United States Trust Company of New York,
as Agent and Assignee

Richmond, Fredericksburg & Potomac
Railroad Company

ACKNOWLEDGMENT OF NOTICE OF ASSIGNMENT

Receipt is hereby acknowledged of the above Notice of Assignment and of an executed copy of the Conditional Sale Agreement and Assignment referred to therein. The undersigned agrees until receipt of further written instructions from the Assignee named therein to make payments under the Equipment Sublease referred to therein in accordance with said Notice of Assignment.

NEW HOPE & IVYLAND RAILROAD COMPANY,

by

William H. Barakat
Its PRESIDENT, WILLIAM H. BARAKAT